

## **Adoption of accrual accounting in the public sector in view of international practices**

*Enikő BALOG – Árpád JAKAB*

Since the beginning of the the 1980s, the majority of the OECD countries has been adopting private sector management practices. This trend has resulted in the renewal of their public finance information systems as well. In the last 20 years public sector accounting has undergone substantial changes. In spite of these improvements, the accounting system used at different levels of government within a given country is still not homogeneous in Europe though the adoption of accrual accounting appears to be an unstoppable process. The switch to accrual accounting can only be considered successful if the information provided by the accrual accounting system becomes integrated in the decision-making process.

*Keywords: cash basis, accrual accounting, public finance information system, international public sector accounting standards*

## **Demographic shock in Solow's growth model**

*István BESSENYEI*

This fundamentally theoretical study discusses the effect of migration pressure upon economic growth in the framework of Solow's neoclassical growth model. As the equilibrium growth path is stable, we use this framework to perform simple comparative statics to gain an understanding of what consequences the higher level or growth rate of labor available for production has. It is shown that higher labor growth rate implies a higher natural growth rate of GDP but a lower level of GDP per capita while its equilibrium growth rate remains unchanged. Further on, it implies a temporary decrease in investment. In the case of high degree of substitution between capital and labor, endogenous growth is possible with higher than natural GDP growth rate. However, this growth rate decreases as a consequence of a persistent immigration process. Moreover, if technology exhibits a low elasticity of substitution, then the growth rate of per capita GDP would be negative as a consequence of the migration pressure.

*Keywords: economic growth, demographic shock, exogenous and endogenous growth*

## **The evolution of the product space**

*Zoltán ELEKES*

Countries rely on more or less similar knowledge bases in producing different products. The so-called product space is a tool for measuring the degree of such similarities and is used in literature to study the change of economic structure over time. We know less about the evolution of the similarity of knowledge bases themselves. In this study I examine the product space between 1962 and 2010 and point out, first that, for analytical purposes, it can be considered static on a 6–8 year horizon. For a longer analysis though, the change of the product space itself must be considered. Second, the majority of the proximities of product pairs changed less over time while a smaller amount became either considerably stronger or weaker. Third, the product space is quite structured, implying that different products may play roles in different diversification strategies of countries.

*Keywords: productive knowledge, product space, evolution, network analysis*

## **The potential of applying qualitative methodology in economic development processes and research**

*Judit JUHÁSZ*

Qualitative research methodology is greatly diverse and complex. It provides several tools to apply in research, depending on the aims. But, adopting these methods can be difficult at times because of the emerging ethical considerations, the personal interactions, and the subjective standpoints among the participants.

The extended usage of qualitative methods may play a significant role in economic development processes and research as well. Many qualitative methods welcome the researcher's effect and impact on the research process. So, even in a case of a change- and action-oriented research and development process, the extent of the researcher's influence and the proper tools can be determined depending on the status of the process and the goals. In this study I suggest that there is a great opportunity in using qualitative methodology as it can help foster change and induce action, which can be rewarding in the course of economic research and development processes as well.

*Keywords: qualitative methodology, researcher's effect, economic development*

## **Change in collaboration networks in the Hungarian film industry**

*Sándor JUHÁSZ*

How can we explain the continuous change of industrial interfirm networks? The aim of this study is to present the patterns of change in the cooperation network of Hungarian film production companies and to highlight some of the potential explanatory variables of network evolution. The study overviews the characteristics of Hungarian film industry and presents the general patterns of collaboration, the importance of triadic closure, indirect professional relations, and international co-production, based on Hungarian movies, from 1995 to 2010, in a descriptive way.

*Keywords: film industry, collaboration, network*

## **Dilemmas of employment policy**

*Tamás KATONA*

One of the biggest challenges facing modern economy is maintaining the level of employment. As part of the key sectors in the economy are capital intensive, growth does not coincide with the expansion of employment. At the same time firms' skills demand often does not meet workers' skill supply.

A dilemma of the economy is whether economic growth or the expansion of the employment should enjoy priority on behalf of the policy-maker? In short term and slightly in middle term, the structure of employees' occupation is determinative but, in long term, it can be changed. What proportion of the actual challenge has to be taken into account by economic policy? The time series of the public works programme shows a contradicting situation.

Recent national general and vocational education tendencies contradict the international trends. Decreasing education time and proportion of participants in higher education are factors impeding modernization. Another dilemma is the relationship between competitiveness and the qualification of the workforce. Labour cost is often mentioned as a core element of competitiveness but it is effective only in short term. The condition of long-term competitiveness is a well-educated workforce.

*Keywords: economic policy, labour market policy, structure of occupation*

## **Fintech response' to the changing customer behavior in banking**

*Ádám KERÉNYI – Júlia MOLNÁR*

The main objective of this study is to review the changing customer behaviour in the banking sector and to assess how the identified changes have supported the emergence of the so called FinTech sector. Following the financial crisis of 2008, the financial service industry has been facing a rapid acceleration of technological development. The rise of online and mobile technologies and solutions is fundamentally impacting the industry in the long term with major implications for the competitive financial industry landscape. The new solutions are aiming to respond to the changing nature of customer behaviour. We have identified three distinct customer groups: (1) those customers underserved by banks whose demand for financial services is only partially served, (2) technology-savvy customers and, finally, (3) unbanked customers. In the last section we study how FinTech companies are cooperating with other market participants for better customer services. By reviewing case studies, we have classified stakeholders who may cooperate with FinTech companies into three groups: (1) banks willing to innovate, (2) government bodies and municipalities to proactively shape market structure and competition, (3) large technological companies offering financial services to their customers.

*Keywords: FinTech, Financial Services, Customer behaviour, Technological Change, Competition*

## **Corporate lending supply and state intervention**

*Renáta Janka KOLLÁR-VIZIN*

In Hungary the economy grew after the 2009 recession but the level of GDP existing at the outbreak of the crisis was only achieved in 2014. All this occurred in parallel with non-financial corporate bank loans showing a 5% decrease. The trend also continued over the years following the recession.

In my study, I look for the answer to the questions of what are the reasons for weak corporate lending, and what state intervention opportunities are available to boost lending. I conclude that the phenomenon of growth without additional lending is caused by the inadequate supply of credit and, inter alia, the banking sector's limited lending capacity and willingness. Furthermore, the impact of government involvement on the credit supply side is more positive until 2013 while it has been more restrictive over the past 3 years.

*Keywords: corporate lending, credit supply constraints, lending invigorate, special public institutions*

## **The role of government in the venture capital market: lessons and expectations**

*Andreász KOSZTOPULOSZ*

Young, growth-oriented firms play a relatively significant role in fostering economic growth and often in innovation as well. The access to financing is one of the challenges most frequently identified as a barrier to the launch and development of these firms, which is caused by market imperfections such as information asymmetry and economies of scale of transactions. For addressing these imperfections, different forms of state intervention have evolved in venture capital markets. In Hungary, the Jeremie funds' activities served as the main governmental initiative between 2010 and 2016, representing a supply-side, indirect form of intervention.

After demonstrating and assessing the programme, the main conclusion of the study is that fostering only the supply side in a tight venture capital market can only achieve limited success. Extending the supply should meet the improvement of the demand side by the business development support of firms seeking venture capital investors. The study concludes with showing the aspects and the most important components needed for a successful business development programme.

*Keywords: venture capital, role of government, Jeremie-program, company development*

## **Study of the knowledge transfer in a family firm with grounded theory method**

*Éva MÁLOVICS – Gergely FARKAS*

This is a case study of a family business showing knowledge transfer from the founding generation to the next one. Succession becomes important nowadays for businesses that were founded in the years of the latest political transition (1989–1990) in Hungary. The transfer of the explicit and tacit knowledge of the founders is needed for the survival of the firms. We apply the knowledge concept of Polányi for his description of tacit knowledge, which is very important in family business succession. We apply the grounded theory method and we create a network of categories and concepts that fits well to the Nonaka and Takeuchi SECI model. We think that the key category for knowledge transfer is familiness appearing through socialisation, cooperation, informal communication and stewardship.

*Keywords: family business, succession, knowledge transfer*

## **Anticipation from the management point of view: uncertainty and risk management**

*Eszter MEGYERI*

Literature indicates that business strategy management is closely dependent on the reliability of future anticipations which can vary significantly across industries. We distinguish anticipation-based models as well as response-based operating models. (Bowersox et al. 2002). In the framework of the current research, I examine different business approaches to uncertainty and risk management. The financial and economic crisis of 2008–2010 has been extensively transforming the operational environment of companies. My investigations examine the approaches Hungarian business take related to the management mechanism of uncertainty using a tested and verified questionnaire that was successfully applied previously in an international environment (Syrett–Devine 2014). I am looking to answer what internal and external management tools are being used to alleviate future uncertainties impacting the surveyed companies in Hungary.

*Keywords: uncertainty, risk management, strategic management*

## **Seed stage companies' venture capital financing from state and EU funds**

*Endre Mihály MOLNÁR – Erika JÁKI*

The economic role of the state has been a divisive topic throughout history. In the last decade venture capital financing has grown ever larger, providing funding for seed and startup companies. On the venture capital market, state involvement can appear in direct and indirect forms, and may fulfill various functions. It is especially hard for companies in their seed stage of development to acquire funds. In this study we examine the rationale and involvement of the Hungarian state and the European Union in the financing of such companies. The relevance of the topic is demonstrated by the closure of the investment stage of the Jeremie-program in May 2016, originally intended for 2007–2013. During the spring of 2017 new programs were also announced for the 2014–2020 period including GINOP and the IKT Venture capital program. The performance of the Jeremie-program can currently be evaluated with respect to the number of investments and the characteristics of the target companies. These investments typically last for 3–7 years so the realized return on them cannot yet be examined. Companies in the seed stage of development commonly require support even to be able to receive venture capital in-

vestments since they tend to lack the starting capital and infrastructure even to concretize their idea, not to mention the irreplaceable financial/economic know-how to start the business. Direct state involvement in the case of seed stage companies manifests through the support of accelerators and incubators. Overall, we are looking to find out the motivations and goals behind the appearance of the Hungarian state and the European Union on the Hungarian venture capital market, focusing on seed stage companies. We also examine which frame of reference will be applicable in analyzing the success of this involvement.

*Keywords: venture capital, state involvement, seed, EU funds*

## **Practical aspects of responsible research and innovation**

*Nikoletta NÁDAS – Miklós LUKOVICS – Beáta UDVARI*

Nowadays scientific and technological development is essential for a company or a territorial unit to improve its own competitiveness; however, these may often cause negative environmental, ethical and social impacts. Handling the ambivalent, uncertain and unexpected impacts of innovation activities has become one of the great challenges which the notion of responsible research and innovation (RRI) may respond to. Recently, the theoretical background of RRI has clarified and more researches are focusing on its practical implementation. As a result, the integration of research in social and natural sciences has become important, its method is the Socio-Technical Integration Research (STIR). This method was firstly employed in Hungary outside of the developed world, and its results point out that the post-socialist environment of the researchers significantly influences the effectiveness of STIR. So our research aims to work out an innovation management tool which takes into account the special features of a relatively underdeveloped region and is capable of integrating the notion of RRI into the way of thinking of the young researchers in natural sciences. In order to do so, we have adapted the STIR taking into consideration the special features of the late Y and the Z generation. Our findings show that STIR is appropriate to widen the knowledge of the future research generation and improve their sensitivity towards social sciences.

*Keywords: STIR, responsible research and innovation, socio-technical integration, Y and Z generation*

## **The level of financial literacy in Hungary regarding self-provision – results of domestic and international surveys**

*Judit POTÓCZKI*

The study summarizes the results of the international survey on the level of financial literacy organised by the OECD focusing on the data related to Hungary. The main findings of two surveys made on the Hungarian pension-aimed savings are also described. The overall level of financial literacy in Hungary is below the international average, with significant differences among the components. Financial attitude is relatively favourable, financial knowledge is at average but, in the field of the most important component, financial behaviour, Hungary has acquired the last position in the survey. The amount of the pension-aimed savings in Hungary is lower than required, despite the fact that this kind of saving is important for the population according to all of the surveys. Employers save much less money than they consider necessary; accumulation of savings can be enhanced by the broadening of financial knowledge which can be achieved partly by school-based education.

*Keywords: financial literacy, financial attitude, financial knowledge, financial behaviour, pension-aimed savings*

## **Active and passive forms of investments: the applicability of the Carhart-model in self-provision**

*Klaudia RÁDÓCZY*

Social transformations and the process of natural population decline have brought the pension system to an inevitable crisis. Consequently, it is indispensable for the society to learn more about long term investments and to take them into consideration regarding portfolio decisions. Concerning the nowadays very popular unit-linked insurance as passively managed portfolio and investment decisions are suitable for creating the fiscal fund of self-provision but do not offer guaranteed returns. On the other hand, regarding the actively managed portfolios, the returns are not guaranteed either but the assets are more liquid on the security markets. In the case of the actively managed investments, the Hungarian premium securities and the optimal portfolios made up of these securities are investigated, which establishes the analysis of the impact of the global systematic risk factors introduced by Fama and French on the Hungarian securities markets. The result show that the optimal in-



vestment decision is the OTP shares. Furthermore, the Fama–French factors do not explain the systemic risk in the Hungarian financial market, despite the global financial market theory.

*Keywords: self-care, actively and passively portfolio managed, Fama–French factor, Carhart-model*

## **The Role of personal relationship and information technology in business markets**

*Balázs RÉVÉSZ – Erzsébet HETESI*

In this study we investigate the role of personal relationships in business markets in the information technology era. In particular we were interested in how the spread of information technology use affects the importance of personal relationships, trust, commitment or loyalty in the business to business relationships. The results from our combined qualitative and quantitative research indicate that, while information technology transforms the methods of interaction in business relationships, personal relationships still remain relevant. The social embeddedness of the economy still seems to exist in our post-modern, technology-driven world. The interpersonal relationships and networks of these relationships continue to play an important role in business life. Based on our results we believe that both (face-to-face and information technology-mediated) types of business encounters can be effective. In the future the combined use of face-to-face and technology-mediated interactions will serve the sustainability of long term relationships and will have an effect on the perceived relationship quality of business relationships.

*Keywords: relationship quality, information technology, customer relationship, personal relationship, relationship management, relationship marketing*

## **Independent fiscal institutions for fiscal sustainability**

*Marianna SÁVAI*

We need long term legal and institutional frameworks and establishment of guarantees that provide a sustainable and transparent fiscal policy. Institutional reforms have to be implemented and the institutions must have multiple functions in order to be able to face complex challenges effectively. Fiscal councils can

work as an institutional anchor as they are independent of the legislation and the political cycles.

We can observe an interaction between the fiscal councils and the fiscal rules, which shows that in countries with fiscal councils the fiscal rules are more effective and, where there are stronger fiscal rules, the fiscal councils can work more efficiently. Fiscal councils have also contributed to the improvement in the macroeconomic forecasting systems. Meanwhile, in addition to the fiscal councils, governments need to have commitment to disciplined behaviour so that the medium-term budgetary targets can be achieved.

*Keywords: fiscal council, fiscal sustainability, sustainable budget*

## **Can aid solve the access to medicines in developing countries?**

*Nóra SZPISJÁK – Beáta UDVARI*

Global challenges of the 21<sup>st</sup> century include economic underdevelopment, poverty and fight against epidemics in developing countries. Epidemics have a serious socio-economic impact in developing countries (especially in the sub-Saharan-African region) and they can easily become global. However, about one-third of the world's population lacks access to essential medicines; it is a real challenge for people living in developing countries.

Since the millennium, numerous international initiatives have been launched to solve this problem so the question arises: how has international cooperation appeared and what results has it achieved? In our research, we examine the role of access to medicines in international development cooperation. We examine, besides official development assistance, the instruments of innovative financing for development, focusing on the Advance Market Commitment (AMC). Based on our analysis we find that, on their own, none of the examined instruments was able to achieve significant results so far; however, operating together can be more effective.

*Keywords: access to medicines, official development assistance, innovative financing for development, Sub-Saharan Africa*

## **Old/new trends in city development: economic development possibilities of walkable cities**

*Petra SZŰCS – Miklós LUKOVICS – Béla KÉZY*

Nowadays cities are the key to innovation so urban development is an element for growth. However, it is noticeable that in bigger cities the so called disadvantages of urbanization, such as noise and air pollution, overcrowding, etc. exert their impacts more and more strongly. Vehicles require more and more space for themselves in cities, decreasing the quality of the living space people need, which is harmful from the point of view of the society and the economy as well. Sustainable urban mobility can be a solution, which has two elements: the well-known environmentally friendly public transport, and the less known walkability. The latter comes to the front in the course of the preparation of sustainable city development strategies; nevertheless, walkability measurements have been taken principally in the USA's big cities. In our study we search for the answer to the question how the concept of walkability is interpretable in a middle-sized European city – Szeged. In the course of our research we conducted primer on-the-spot surveys (participant observation, questionnaire, expert in-depth interview) to investigate the level of walkability and its improvement opportunities. Our survey has verified that the concept of walkability could be a useful city development tool even in middle-sized cities.

*Keywords: walkability, city development, local economy, urban mobility*

## **Effect of the anticipations and interactions to the elaboration of Hungarian financial supervision**

*Bence VARGA*

This study presents the factors that affected the elaboration of Hungarian financial supervision, identifying factors that supported and/or hindered the evolvement of supervision and the related mixed circumstances. The occurred numerous bankruptcies of the financial institutions (originating from external and internal causes), the deficiencies in the relevant regulation, furthermore, the not duly efficient self-audit have all contributed to the organisation of supervision in Hungary. The concentration of financial institutions, the interpenetration of bank and industry capital, and the economic anticipations had mixed effects. The counteraction of the financial institutions and the lack of consensus regarding the

organisation of financial supervision considerably hindered the establishment of an institutionalised supervisory body; nevertheless, these factors overall have resulted in the subsequent evolvement and development of the supervisory bodies.

*Keywords: financial institutions, financial supervision, anticipations, interactions*

## **Niche Construction Theory and economics – possible applications**

*János Zoltán VARGA*

Niche Construction Theory (NCT) refers to the study of the process during which the organism modifies significantly its environment, changing the natural selection pressures. One of the important consequences of this activity is that it can fix genes or phenotypes that, without changing the environment, would be disadvantageous. Economists have long been using evolution as an analogy to describe the competition between economic agents, and this study intends to expand this analogy with Niche Construction Theory, and to investigate its potential applications to economics. It shows that, beyond rephrasing well-known economic problems (thereby achieving representational diversity), NCT offers numerous new concepts and methodological tools that, after properly implemented to economic situations, can help economists to grasp a better understanding of certain phenomena.

*Keywords: evolutionary economics, niche construction, market structure, phylogenetic models*

## **Strategic flexibility in B2B context**

*Márton VILMÁNYI – Margit TARJÁNYI*

The main issue of our research is to model Hungarian enterprises' strategic flexibility from a relational point of view. Our main question is how strategic flexibility of enterprises can exercise an influence on the perceived success of their relationships and, furthermore, how strategic flexibility and the perceived relationship success influence the perceived success of the organization. For our research we use the resource-based view and organizational learning and knowledge based theory as a starting point. Due to operationalisation of the investigation problem we used the framework of strategic flexibility in B2B context. In our research we have found several behaviour patterns which have affected perceived relationship success and organizational success in different ways.

*Keywords: organizational cooperation, strategic flexibility*